



COMMUNITY ACTION BOARD

May 2, 2023

The Honorable Evan Glass
President, Montgomery County Council
100 Maryland Ave
Rockville, Maryland 20850

Dear Council President Glass and Members of the Montgomery County Council:

We, the undersigned organizations, are writing to you to request that the Council fully fund the Working Families Income Supplement in FY24 so that it will remain a 100% match of the state's Earned Income Tax Credit. All of our groups and organizations work to reduce poverty and help families and individuals move towards the Self-Sufficiency Standard. We do this through advocacy and direct services, including Volunteer Income Tax Assistance (VITA) programs, which provide free tax assistance to low-to-moderate income households. We are therefore uniquely positioned to emphasize the tremendous positive impact of Earned Income Tax Credits, including the WFIS, on the lives of families right here in Montgomery County.

Research consistently shows that the EITC is one the best tools available to help families become financially stable. Extensive research also links the EITC to numerous positive impacts well beyond the financial realm. EITC expansions have been linked to increased birthweights¹, with larger impacts for births to African American women, to improved maternal health², and to decreases in children entering foster care³. The EITC, is also a racial equity tool as research has shown its greater impact on reducing poverty for households of color⁴. Research finds these benefits are also conveyed through the Child Tax Credit.

We were thrilled during this legislative session when the Family Prosperity Act became law, making the historic expansions of the Maryland EITC two years ago permanent. Each of the last two years, these expansions are estimated to have impacted 45,000 County residents filing tax returns including dependents, 21,000 County filers without dependents, and 5,300 ITIN filers. The significantly larger refunds lower-income taxpayers received have provided critical support, helping families pay their bills, purchase necessities like food and clothing, and pay off burdensome debts.

Here in Montgomery County, we know that we are very fortunate to be one of just a handful of local jurisdictions across the country with its own credit for working low-wage adults. The WFIS

¹ <https://pubs.aeaweb.org/doi/pdfplus/10.1257/pol.20120179>

² https://www.kellogg.northwestern.edu/faculty/garthwaite/htm/EITC_Health_Final_Draft.pdf

³ <https://journals.sagepub.com/doi/full/10.1177/1077559519900922>

⁴ <https://www.cbpp.org/research/state-budget-and-tax/state-earned-income-tax-credits-help-build-opportunity-for-people-of>

has a significant and direct impact on households who struggle to meet their basic needs in our county where the cost of living is so high. As you know, child care in the County is the most expensive in the state⁵, and nearly half of all renters are cost-burdened, meaning that they spend 30% or more of income on housing alone.⁶ According to the Maryland Community Action Partnership's most recent report, the Montgomery County Self-Sufficiency Standard for a household with two working adults, one preschooler, and one school-age child is an astounding \$122,943, over four times the federal poverty level.⁷ These facts and figures demonstrate that a tax refund of a few thousand dollars has a significant impact on this families, helping them move closer to the Self-Sufficiency Standard.

We also recognize that the eligibility of ITIN taxpayers for the expanded Maryland EITC and WFIS is a significant change that we fully support. ITIN taxpayers are often ineligible for many federal support programs, despite the fact that they work and pay taxes. We thank the Council for ensuring that ITIN taxpayers, who contribute so much to our community, will be eligible for the WFIS but emphasize that they would greatly benefit from a 100% match of the Maryland EITC, just as all eligible households would.

The WFIS has been a 100% match of the state's EITC for most of its 20+ year history. Reducing funding for the WFIS would be a step in the wrong direction. We understand that this year, the Council must make many difficult decisions in finalizing the budget. **We strongly encourage you to prioritize the needs of lower-income workers and continue full funding for the Working Families Income Supplement.** The WFIS places Montgomery County at the forefront of local jurisdictions that are prioritizing programs to support the most vulnerable in our community.

The undersigned organizations/groups support full funding for the Working Families Income Supplement so that it will remain a 100% match of the Maryland EITC.

Montgomery County Community Action Board
CASA
CASH Campaign of Maryland
Catholic Charities of the Archdiocese of Washington
Chinese Culture and Community Service Center
Cross Community and the Equity Center
The Dwelling Place
Interfaith Works
Jewish Council for the Aging of Greater Washington
Korean Community Service Center of Greater Washington
Liberty's Promise
Manna Food Center
Maryland Community Action Partnership
MCPS Head Start Policy Council
Montgomery County Coalition for the Homeless, Inc

⁵ https://www.marylandfamilynetwork.org/sites/default/files/2022-02/MFN_Demographics2022%20Final%20%281%29.pdf

⁶ <https://montgomeryplanning.org/wp-content/uploads/2020/07/MoCo-HNA-July-2020.pdf>

⁷ <https://maryland-cap.org/the-maryland-2023-self-sufficiency-standard-calculator/>